

Individual Tax Return 2016

Tax Return is due by
April 18, 2017

City of Cincinnati
Income Tax Division
PO Box 637876
Cincinnati OH 45263-7876
Phone: (513) 352-2546
E-file available at:

www.cincinnati-oh.gov/citytax

TO EXPEDITE PROCESSING,
PLEASE DO NOT STAPLE
THIS SPACE IS FOR OFFICIAL USE ONLY

| | | |
|--|-------------------------------|--|
| Account Number: _____ | Social Security Number: _____ | Please check all that apply: First year filer <input type="checkbox"/> Used Federal Sch C, E, F or K-1 <input type="checkbox"/> Athlete or Entertainer <input type="checkbox"/> Amended Return <input type="checkbox"/> Refund (Amount must be entered on Line 13 to be a valid refund request) <input type="checkbox"/> Account Should be Closed <input type="checkbox"/> Reason: _____ |
| Name(s) _____ | Spouse's SSN: _____ | |
| Current Address: _____ | Email: _____ | |
| City/State/Zip: _____ | | |
| If part-year, resident indicate dates of Cincinnati residency: From _____ To _____ | | |

| Part A Tax Calculation | | |
|------------------------|--|--|
| 1. | Total Qualifying Wages (Enclose W-2 Forms & Copy of Federal Tax Return) For Multiple W-2s Complete Worksheet A on Page 2.....(Use Box 5, Not Box 1) | \$ |
| 2. | Less Employee Deductions (Enclose Federal Form 2106 and Schedule A)..... | \$ |
| 3. | Taxable Wages Before Adjustment. (Line 1 minus Line 2) | \$ |
| 4. | Less Nontaxable Income (part year or non-residents only) (provide calculations)..... | \$ |
| 5. | Taxable Qualified Wages (Line 3 minus Line 4)..... | \$ |
| 6. | Other Income or (Loss) from Federal Schedules C, E, F, K-1, 1099-MISC less Carryforward Loss claimed (Complete Worksheet B on page 2 and enclose copies of all Federal Schedules)..... | \$ |
| 7. | Cincinnati Taxable Income (Line 5 plus Line 6) Losses on Line 6 do not offset W-2 Income from Line 5..... | \$ |
| 8. | Cincinnati Income Tax (Multiply Line 7 by 2.1% [.021])..... | \$ |
| 9 a. | Cincinnati Tax Withheld (per W-2s)..... | \$ |
| 9 b. | Estimates Paid (including credit from a previous year)..... | \$ |
| 9 c. | Other Local Taxes Paid, Not to Exceed 2.1% (Enclose W-2s or Other City returns)..... | \$ |
| 10. | Total Payments and Credits (Lines 9a + 9b + 9c)..... | \$ |
| 11. | Tax Due (Subtract Line 10 from Line 8) (Amounts less than \$10.00 are not due) | \$ |
| 12. | Overpayment (Line 10 greater than Line 8)..... | \$ |
| 13. | Amount to be Refunded (Amounts less than \$10.00 will not be refunded).. | \$ |
| 14. | Credit to Next Year..... | \$ |
| | | Federal Extension filed If yes, attach copy Yes <input type="checkbox"/> No <input type="checkbox"/> |

| Part B Declaration of Estimated Tax for 2017 | | |
|--|--|----|
| 15. | Total Estimated Income Subject to Tax..... | \$ |
| 16. | Cincinnati Estimated Income Tax Due (Multiply Line 15 by 2.1% [.021])..... | \$ |
| 17. | Estimated Taxes Withheld from Wages..... | \$ |
| 18. | Estimated Tax Due after Withholding (Line 16 less Line 17) STOP if this amount is less than \$200.00..... | \$ |
| 19. | Quarter One Estimated Tax Due Before Credits (25% of Line 18)..... | \$ |
| 20. | Less Credits (from Line 14 above) or Amounts Already Paid on this Year's Liability..... | \$ |
| 21. | Net Estimated Tax Due if Line 19 Minus Line 20 is Greater Than Zero*..... | \$ |
| 22. | TOTAL AMOUNT DUE —Combine Line 11 above with Line 21 (Make checks payable to "City of Cincinnati" or pay online at https://web2.civicacmi.com/Cincinnati) | \$ |

*Subsequent estimated payments are due 07/31/17, 10/31/17 and 01/31/18

*Failure to remit timely estimated payments will result in the assessment of interest and penalties.

*If the total estimate due after applicable credits for 2017 is less than \$200.00, then no declaration is required.

The undersigned declares that this return (and accompanying schedules) is a true, correct and complete return for the taxable period stated and that the figures used herein are the same as used for Federal Income Tax purposes.

Paid Preparer Name _____ PTIN _____
Name of Firm or Employer _____
Address of Firm or Employer _____ Telephone Number _____

May the City Tax Division
discuss this return with the
preparer shown to the left?
() YES () NO

Signature of Taxpayer or Agent _____ Date _____
Signature of Spouse _____ Date _____
Daytime Telephone Number _____

****Enclose copies of all W-2s used to compute your local income****

| Employer | City Where Employed | Qualifying Wages (Box 5 on W-2) | Cincinnati Tax Withheld (Box 19 on W-2) | Other City Tax Withheld (Box 19 on W-2) |
|--|---------------------|------------------------------------|--|--|
| | | | | |
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| | | | | |
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| | | | | |
| | | | | |
| | | | | |
| Totals (Enter Total Qualifying Wages on Line 1, Page 1) | | | | |

WORKSHEET B - BUSINESS INCOME or LOSS

****Enclose copies of all Federal Forms and Schedules used to compute your local income. ****

| | Schedules | Column A Income / (Loss) from Federal Schedules | Column B Cincinnati Percentage | Column C Cincinnati Taxable Income (Column A x Column B for lines 1 through 4) |
|----|---|--|---|---|
| 1. | Schedule C - Business Income (A separate allocation schedule is required for each Schedule C). | \$ | 100.00% or (Step 5 of Schedule Y) _____ % | \$ |
| 2. | Schedule E - Rental Income (Residents enter profit/loss from all properties. Nonresidents enter only profit/loss from Cincinnati properties). | \$ | 100.00 % | \$ |
| 3. | Schedule K-1 - Partnership Income (Residents enter profit/loss from entities that do not withhold Cincinnati tax on entire distributive share) | \$ | 100.00 % | \$ |
| 4. | Miscellaneous Income – Other Income including 1099-MISC, W-2G & Schedule F | \$ | 100.00% or (Step 5 of Schedule Y) _____ % | \$ |
| 5. | Allowable Net Operating Loss Deduction (Enter the amount claimed as a deduction in Column C) Also enclose a worksheet showing prior year losses for up to 5 years and amounts previously claimed. See form and example on website <i>Do Not enter this amount in Column C</i> | | | \$ (_____) XXXXXXXXXXXXXXXXXXXXXXXX |
| 6. | Total Income (Loss) (Combine Lines 1 through 5 and enter this amount on Page 1, Line 6) | | | \$ |

SCHEDULE Y - BUSINESS APPORTIONMENT FORMULA

(To be completed by all nonresidents who earn a portion of their net profits in Cincinnati.)

| | | a. Located Everywhere | b. Located in Cincinnati | c. Percentage (b/a) |
|---------|---|--------------------------|-----------------------------|---------------------|
| STEP 1. | Average Original Cost of Real and Tangible Personal Property. | _____ | _____ | |
| | Gross Annual Rent Paid Multiplied by 8..... | _____ | _____ | |
| | TOTAL STEP 1..... | _____ | _____ | _____ |
| STEP 2. | Wages, Salaries, and Other Compensation Paid..... | _____ | _____ | _____ |
| STEP 3. | Gross Receipts from Sales Made and/or Work or Services Performed..... | _____ | _____ | _____ |
| STEP 4. | Total Percentages. (Add Percentages from Steps 1-3)..... | | | _____ |
| STEP 5. | Apportionment Percentage (Divide Total Percentage by Number of Percentages Used)..... | | | |

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**2016 CITY OF CINCINNATI
INDIVIDUAL INCOME TAX RETURN INSTRUCTIONS**

Office Phone: (513) 352-2546

Website: www.cincinnati-oh.gov/citytax

Mail to: PO Box 637876, Cincinnati OH 45263-7876

This form is to be used by individuals who receive income reported on Federal Forms W-2 or 1099-MISC or Schedules C, E, F or K-1. Individuals who file as Sole Proprietors or Single Member LLCs should also use this form. **A fully completed return includes all of the Federal Forms (W-2s, Federal 1040, Schedules C, E or K-1, 1099) used to compute your local tax and an itinerary of days worked outside Cincinnati, listing dates and location if applicable. Returns filed after the due date of the return will be assessed a late filing penalty of \$25.00/month (maximum \$150.00). In Part A, indicate if a Federal Extension has been filed.**

General Information:

Employees whose only source of taxable income is from employers who withhold and remit their income taxes to Cincinnati are not required to submit a Declaration of Estimated Tax or file a return.

Part A - Tax Calculation

LINE 1: Enter the amount from **Box 5 of the W-2** plus any *supplemental* unemployment compensation benefits you received from your employer and any amounts not included in Box 5 because your wages are exempt under the Medicare grandfathering provision. Deduct stock option compensation or disability pay from the Box 5 wages and provide documentation of same.

LINE 2: Enter the amount of employee business expenses that are not eligible for reimbursement by your employer. Submit Federal Form 2106 and Schedule A.

LINE 4: Part year or nonresidents only: Deduct the amount of gross wages included on Part A, Line 1 that were earned outside of Cincinnati during the period when you were not a resident and provide a schedule of your calculations.

LINE 6: Complete Worksheet B Business Income or Loss.

Schedule C- Business Income: Residents are subject to Cincinnati tax on all business income no matter where earned. Nonresidents of Cincinnati must multiply the net profit or loss from each Schedule C using the apportionment percentage derived on Schedule Y to determine the Cincinnati Taxable Income (Loss). Combine the profits and losses from all businesses reported on Schedule C.

Schedule E-Rental Income: Cincinnati residents report all profits or losses from rental property no matter where property is located. Nonresidents of Cincinnati report profits or losses only from properties located within Cincinnati.

Schedule K-1 – Partnership Income: Report the distributive share of income or loss reported to you on Schedule K-1. Exclude income reported from S-Corporations because it is not taxable to the individual partners. If you are a Cincinnati resident, you may claim a proportionate credit for taxes paid to other localities.

Miscellaneous Income: Report any personal service compensation and gambling winnings shown on Forms 1099-MISC, W-2G or IRS Form 5754 not already reported on Schedule C.

NOL Carryforward: Enter the amount of net operating losses apportioned to Cincinnati and claimed in this tax year. Operating losses may be carried forward for a maximum period of five tax years. *We require a supporting schedule to explain the carryforward operating losses claimed on the return. See sample form on website.*

LINE 9a: Enter the amount of Cincinnati Tax withheld by employers.

LINE 9b: Enter the amount of estimated tax payments including any amounts paid with an extension. Estimated payments may be subject to the underpayment of estimated tax penalty if not paid timely. The total of the quarterly estimates should equal 100% of the prior year's tax or 90% of the current year's tax.

LINE 9c: Enter the amount of taxes withheld for or paid to another city. Residents of the City of Cincinnati may claim taxes paid to another city up to 2.1% of the Qualifying Wages reported on each individual W-2. Credit is limited to the local tax rate used (**2.1% or less**) multiplied by the Qualifying Wages, and is further restricted if the municipality has a wage cap. Part-year residents may claim taxes paid to other cities for the part of the year they were a resident. Nonresidents may not claim taxes paid to another municipality. (Provide documentation in the form of W-2s or tax returns submitted to other municipalities). Partners claiming credit for taxes withheld by a partnership must provide documentation to support this credit.

Part B - Declaration of Estimated Tax for the Following Year

The City requires that you remit the tax during the year you earn the income to avoid interest and penalty charges. We recommend that you use 100% of your previous year's income to estimate the current year tax liability to ensure that you meet your estimated tax payment obligation. If the preceding tax year was not for a full 12-month period, make estimated payments based on your current year's income or on an annualized amount of your previous year's earnings. ***If the total estimate due after applicable credits for 2017 is less than \$200.00, then no declaration is required to be filed.***

The amount of tax due is the first of four quarterly estimated tax payments. **We will not bill you for the remaining quarterly installments.** The second payment is due on 07/31/17 and is equal to the total estimated tax on line 18 divided by 4 less any overpayment still available from prior years. The third payment is due 10/31/17 and the final estimated payment is due 01/31/18. **Failure to remit timely estimated payments will result in the assessment of interest and penalties.**

Tax Year 2017

The below items highlight some of the major modifications to the Cincinnati Tax Code that were mandated by state law. The changes do not take effect until tax years beginning after **January 1, 2016**, unless noted.

Please visit the Cincinnati Income Tax Website at <http://www.cincinnati-oh.gov/citytax> for all the details.

Individuals

- Limits the deduction of employee business expenses to those deducted on the federal return.
 - No longer available to those taxpayers that take the standard deduction.
- Extends the casual entrant employee tax exemption from twelve days to twenty days.
 - The wages for non-resident employees are excluded for the first 20 days provided their principal place of work is not located in Cincinnati and they meet numerous other qualifiers.

Businesses

- Requires significant changes to the five year net operating loss (NOL) deduction calculation.
 - New NOL calculation takes affect tax year 2017 and is deductible starting in tax year 2018.
 - Method changed from a post allocation to a pre-allocation calculation.
 - A 50% Limitation period is mandated for tax years 2018-2022.
- Two Significant tax planning measures for businesses:
 - Allows businesses greater flexibility utilizing alternative allocation methods.
 - Provides businesses additional consolidated filing options with related entities.

Withholding Remittance

Must remit Semi-Monthly withholding if paying more than \$12,000/ yr.

| | <u>Annual Limit</u> | <u>Due</u> |
|----------------------|---------------------|--|
| <u>Quarterly</u> | 0-\$2,399 | <u>15th day of the next month after the quarter ends</u> |
| <u>Monthly</u> | \$2,400-\$11,999 | <u>15th day of the next month</u> |
| <u>Semi- Monthly</u> | > \$12,000 | <u>Three business days after the period ends. (18th & 3rd)</u> |

Interest and Penalty

- Interest rate increased from 3% to 5%
- Penalty rates capped for late payment.
 - 15% for Net Profit
 - 50% Withholding
- Late Filing Fee changed from flat \$50 fee to \$25/ month capped at \$150.

Tax Return Due Dates

All taxpayers will now file the net profit return by April 15th (15th day 4th month after Fiscal Year End)

| <u>Documents</u> | <u>Due</u> |
|----------------------------|------------|
| <u>Tax Return</u> | 15-Apr |
| <u>Extended Tax Return</u> | 15-Oct |

| | | <u>Business</u> | <u>Individual</u> |
|----------------------|------------|-----------------|-------------------|
| <u>Estimates Due</u> | <u>Q-1</u> | 18-Apr, 2017 | 18-Apr, 2017 |
| | <u>Q-2</u> | 15-Jun, 2017 | 31-Jul, 2017 |
| | <u>Q-3</u> | 15-Sep, 2017 | 31-Oct, 2017 |
| | <u>Q-4</u> | 15-Dec, 2017 | 31-Jan, 2018 |